

Exhibit A-16

Ministry of Finance
Office of the Minister



السلطة الوطنية الفلسطينية
وزارة المالية
مكتب الوزير

No. : MoF/MoF.I/346/2015...

Date : 09/04/2015.....

الرقم :

التاريخ :

The Honorable Benjamin Netanyahu – Prime Minister of Israel,
Acting Minister of Finance

RE: Improper Retention of Funds under the Paris Protocol and the Interim Agreement

Your Excellency,

I write in relation to the Government of Israel's recent decision to transfer to the Palestinian National Authority (the "PNA") the sum of NIS 1,371,000,000 purportedly representing the accumulated clearance remittances unlawfully withheld by Israel since December 2014.

Whilst we welcome the step by Israel in recognizing its obligation to repay the sums improperly withheld, we contest your unilateral decision to only partially pay the monies due to us and have therefore rejected and returned the transfer. We further contest Israel's decision not to pay the entire amounts of clearance funds due for the month March 2015.

I write this letter further to my previous communications on this subject dated January 10, 2015, February 4, 2015, February 15, 2015, and February 23, 2015 concerning Israel's improper retention of funds owed to the PNA pursuant to the Paris Protocol and the Interim Agreement.

Accordingly, I must reemphasize the PNA's serious concerns about Israel's arbitrary and unlawful action in ceasing the timely payment of the monthly transfers due to the PNA.

Furthermore, there are several additional long overdue debts that are owed by Israel to the PNA as I identified in my previous letters. These include, amongst others, the following:¹

1. health insurance and equalization levy for Palestinian workers in Israel amounting to around NIS 1,000,000,000 (one billion);
2. unpaid sums owed in respect of VAT collected on electricity bills between the years 1998 and 2002 amounting to approximately NIS 440,000,000 (four hundred, forty million) which have not been transferred despite our various claims;
3. pro rata share in border transit fees collected estimated to be no less than NIS 150,000,000 (one hundred, fifty million); and
4. short fall in transfer of taxes levied by the Israeli Government on Palestinian workers estimated to stand cumulatively at about NIS 100,000,000 (one hundred million).

¹. For the avoidance of doubt, this list is not conclusive.

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Israel's conduct is in clear breach of its obligations under the Paris Protocol, the Interim Agreement and international law generally.

Our position in this regard is clear. We require: (1) the immediate repayment of all outstanding debts owed; (2) the immediate recommencement of monthly transfers pursuant to Israel's obligations under the Paris Protocol and the Interim Agreement; and (3) engagement in constructive discussions regarding the reparations owed to the PNA for the unlawful breach of the Paris Protocol and the Interim Agreement.

The PNA is, however, prepared to cooperate with Israel under the framework of the Paris Protocol and the Interim Agreement in identifying whether or not any claim to a set off may be reasonable and to ensure a resolution to the current impasse whereby all outstanding funds owing are repaid. In this regard, the PNA requires that the Joint Economic Committee created by the Paris Protocol be reconvened to address these issues. I wish to confirm that the PNA is willing to engage constructively with the Government of Israel to resolve these matters through the framework of this committee.

I take this opportunity to reiterate the importance of the issues at stake and request that Israel respond to this present letter promptly. These issues cannot be ignored any longer.

If, however, Israel does not make arrangements for reconvening of the Joint Economic Committee the PNA will be left with no choice but to escalate this dispute.

In particular, we will arrange to notify Israel of a dispute pursuant Article XXI of the Interim Agreement. For the avoidance of doubt, each of the options under that article is under active consideration and each of the PNA's rights and remedies is hereby reserved expressly to the fullest extent.

Accordingly, I await your response, but should the Joint Economic Committee not be reconvened within reasonable delay of 14 workings days, we shall be left with no choice but to seek the application of the dispute resolution procedures under the Interim Agreement.

Sincerely,

Shukry Bishara
Minister of Finance